

S O C I A L S E C U R I T Y T O D A Y

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THEY LOVE IT IN PEORIA

Take your average lunchtime crowd. Usually, they don't expect to learn much about Social Security while munching on their midday calories. But such is not necessarily the case at Court House Plaza in Peoria, Ill., when a mime starts aping eaters. After drawing bystanders' attention, she invites them to listen in as two employees of fictitious Al's fast food restaurant begin complaining about Social Security taxes and end up discussing the benefits those taxes provide.

The short drama is performed by employees in Social Security's Peoria office to educate the public about the important part Social Security plays in the life of just about everyone in the country.

And their audiences find it's a unique and enjoyable way to get information about Social Security. "I learned not to complain about those taxes because it does some good in the

long run," says Brian McDonald, one of the lunchtime viewers. "The federal program is a safety net for me and millions of Americans."

"It gave me a lot to think about," said Steve Weckel, another member of the audience. "Social Security has far greater meaning for me now. I'm glad to know that Social Security not only will help me through retirement, but also will help those who fall onto bad times."

Peoria's Social Security Players are a group of Social Security claims reps and a field rep turned thespians for the lunchtime drama. One member of the troupe, Amie Churchill, plays the mime who initially attracts unsuspecting audiences.

In the skit, Charles Killen learns from Deanna Casey why he has to pay a percentage of his paycheck into the program and how the money benefits himself and others. He learns that, as he works and pays Social Security taxes, he builds up credits that count toward eligibility for future Social Security retirement benefits, as well as current protection with disability and survivors

benefits. Deana tells Charles that for more than 60 years, Social Security has been the most successful domestic government program providing economic protection for Americans of all ages.

When the skit is over, Field Rep Ed Slininger leaps out of the audience to hand out Social Security pamphlets and answer any questions. "We're trying to get people to understand the Social Security program of today, so they can make informed choices about the Social Security program of tomorrow," he says.

Besides the restaurant skit, Peoria's Social Security Players perform two other five-minute dramas. In one, the audience is invited to listen in on a father-daughter talk; in the other, to a lunchtime chat between three friends who discuss current benefits and proposals to change the program.

"We have to accept the responsibility that it is our job to educate the public," says Ed. "By taking our act to the public during lunchtime, we can provide them with some real food for thought."

Photo: Fred Zwicky, Peoria Journal Star



COMMISSIONER'S MESSAGE



*Kenneth S. Apfel
Commissioner
of Social Security*

Late last year, President Clinton convened the first ever White House Conference on Social Security to bring together people from all walks of life to discuss how to strengthen and protect Social Security for future generations of Americans. I can think of no more critical issue facing this nation, and there is no better time than now to strengthen Social Security.

Today, Social Security is not in crisis. But we can't wait to make the changes we need to keep Social Security strong into the 21st century. Demographics will place very real strains on our retirement system. By 2030, there will be twice as many older Americans as there are today.

At the present time, our financing is sound. But, the size of the financing gap will double if we delay for a generation. We can

have modest change now, or much more drastic changes if we wait.

I believe this is one of those defining moments for the country. Do we use the current budget surpluses for tax cuts, for spending increases or for strengthening Social Security? How much of the surpluses would be needed to strengthen Social Security? Draining the surpluses away before we answer those questions would be absolutely wrong.

There are difficult issues to talk through. One central question in the debate is whether we should return to a purely pay-as-you-go system or advance fund more of the system in order to increase national savings. And if a partial advance funding option is pursued, should Social Security invest a portion of growing trust fund reserves in equities, or should advance funding be done through individual savings accounts? And how can the surpluses help in this endeavor?

The center of any debate on advance funding is whether government has the capacity and the will to set resources aside to meet future liabilities and to resist the temptation to use the fund for tax cuts or new spending programs.

Another central question is how to

ensure that the social responsibility aspects of the program remain strong. It is especially important to those who have not had high earnings or good health during their lifetimes or who have little in the way of pensions or savings. Income adequacy is at the core – the very heart – of the program. Everyone benefits from a system that keeps millions of people out of poverty and provides protection for each individual worker. We need to assure that the progressive features of our social insurance system remain strong.

These are very big, very difficult and very important issues. It's fair to say that I have not heard a consensus among the American people about how to protect and strengthen Social Security. That is, in fact, the challenge that we must now turn to. It will take courage to address an issue that seems so far away. If we all work together, with common purpose and determination, we can ensure that our country has a social insurance system for ourselves, our children and our grandchildren that is as reliable, universal, progressive and equitable as the current system has been for our parents and grandparents. Social Security is – and must continue to be – very much a part of the nation's social fabric.

MORE SOCIAL SECURITY MYTHS DEBUNKED

Last year we published three of the top myths going around about Social Security. Here are some more, again, along with the reasons they are just that – myths.

Myth #4 "As a personal investment plan, Social Security is a raw deal!"

Social Security isn't really about deals and personal investment schemes. The word "social" in Social Security means that social objectives, such as raising the standard of living for lower income workers and keeping the elderly out of poverty, are important elements of Social Security.



One of the reasons Social Security has remained popular is because it combines these social goals with a degree of individual equity. The benefit you get is based on the money you pay in ... in effect, the more you pay in, the higher your benefit.

As one example, a baby boomer born in 1949 who has average wages will pay about \$58,000 in Social Security taxes before retirement. He or she will collect \$1,900 per month beginning at age 66 and will recover all taxes paid in about 30 months. Factoring in interest that could have been earned on the taxes paid, the "investment" is recovered in about 13 years, with a life expectancy of two to four years beyond that point.

Myth #5 "My Social Security benefit is based on my last five years of work ... or is it my highest three?"

It's neither. Benefits are based on earnings averaged over most of a worker's lifetime. For all recent and future retirees, it's based on 35 years. Generally, fewer years are used in disability and survivors computations.

Myth #6 "Social Security funds are nothing but worthless IOUs!"

By law, all Social Security money is invested in treasury bonds, similar to bonds purchased by millions of other investors. People who hold treasury bonds in their portfolios generally consider them

among the safest of their investments. It's odd that some people consider similar bonds held by Social Security "worthless."

It is true that, when Social Security has to redeem the bulk of its bond holdings in the next century to help meet anticipated expenses, the government will have to somehow raise the money to make good

on its obligations to the trust funds.

Myth #7 "Social Security would have no financial problems if Congress had kept its hands off the trust funds and not spent Social Security money for other purposes!"

This myth grows out of a misunderstanding of the trust fund investment procedures. Because Social Security reserves are invested in treasury bonds, we are, in effect, loaning money to the government ... just as any other investor who buys treasury bonds is loaning money to the government.

So, Social Security money is used for other purposes. But that money has always been paid back, with interest: \$38 billion in 1996 alone.

In fact, bonds are purchased and redeemed continually. Every day, Social Security tax receipts come into the Treasury and are immediately invested in government securities. And each month, the Treasury Department redeems enough bonds to cover the Social Security benefits that must be paid that month. The remaining money stays in the trust funds and continues to earn interest.

ADVICE FOR TAX TIME

Before you fill out that tax return, here are a few things you might want to keep in mind if you're receiving Social Security benefits. Couples whose combined income is between \$32,000 and \$44,000, and individuals with incomes between \$25,000 and \$34,000, may have to pay federal income tax on up to 50 percent of their Social Security benefits. Couples whose combined income exceeds \$44,000, and individuals whose income is over \$34,000, may have to pay taxes on up to 85 percent of their benefits. For those whose income is below these levels, Social Security benefits are not taxed.

For tax purposes, income is defined as the couple's or individual's adjusted gross income as reported on Form 1040, plus one half of the total Social Security benefits received for the year, plus nontaxable interest.

MEET A BENEFICIARY



STILL GOING AFTER ALL THESE YEARS

Age is nothing but a number. How many times have you heard this? However, when you're 105 years old, age is much more. It's about what you've done, the life experiences you've built up along the way and the energy you put into everything you do.

Take Walter Beerman, a real estate broker and investor in Lakeland, Fla. Despite the fact that he is 105, he still works 40 hours a week, is still married to Mildred, his wife of 63 years, is still active in his church and still drives himself around in a Lincoln Town Car. His company, Beerman Realty, has become a landmark in the Lakeland area, and he is believed by many to be America's oldest worker.

He actually entered real estate by accident. During the 1930s, he owned a coal business in Kentucky. Walter cashed out of coal and moved to Sarasota, Fla., in 1950 where he planned to settle in for retirement.

"But," says Walter, "it wasn't for me. It was boring. All I did was watch television, fish and play golf." He returned to work 24 months later. This time, he chose real estate because he wanted to get involved in a business with potential for growth. Fortunately, the ensuing years proved to be a windfall, and he sold his second business in 1966 to move to Lakeland. In Lakeland, Walter went into real estate again, this time with his son, Dave, who at 79, still works with him.

Walter started collecting Social Security benefits in 1958 at age 65. But, because he works, he still pays Social Security taxes, too. And, as with anyone 70 and over, there is no limit on the amount he can make and still receive his full Social Security benefits.

Walter describes the secret to his long life. "Realize what you are and who you are. Eat right. Live right. Think right. Negativism will ruin your life. Also, life is so much more enjoyable when you have good friends and family."

Walter has watched the importance of Social Security grow during his lifetime. According to him, Social Security has been vital to older Americans because it provides financial protection. He points out that many elderly people lived in extreme poverty before Social Security, especially during the depression.

He says, "Social Security is a wonderful thing. It's important to those who need it, and it's important to me, too, because I know it's doing its job."

In the past year, Walter has been a guest on NBC's "Tonight Show." He was such a hit that host Jay Leno invited him back for a return visit. Walter is now 105, but his frank manner, energetic lifestyle and keen intellect could easily mark him as a man half his age.

For young people his advice is, "Have a goal and stick to it. Be honest in everything you do. Get on the right road and don't let anyone get you off track."



LEGISLATION RESTORES SSI ELIGIBILITY TO NONQUALIFIED NONCITIZENS

About 8,800 'nonqualified' aliens who were receiving Supplemental Security Income (SSI) when welfare reform legislation went into effect will remain eligible for benefits as a result of new legislation. The law clarifying benefits for noncitizens, extends the eligibility of all 'nonqualified' aliens who were receiving SSI on August 22, 1996, indefinitely.

SSI recipients classified as 'nonqualified' are individuals whose SSI records show they do not meet one of the alien eligibility categories and whose SSI was previously scheduled to end on October 1, 1998.

Social Security recently notified those affected that their SSI payments will continue as long as they meet all eligibility factors. Copies of the notices also were sent to representative payees and authorized representatives. Nonqualified aliens are reminded to let Social Security know if their immigration status changes or if they become naturalized U.S. citizens.

FOR MORE INFORMATION

If you'd like more information about any of the items in *Social Security Today*, there's an easy way to find out more. Just call Social Security at 1-800-772-1213 weekdays between 7 a.m. and 7 p.m. To make sure you get through as fast as possible call early in the day. Other good times to call are later in the week and later in the month. If you have access to the Internet, you can also get a variety of information about Social Security programs at www.ssa.gov.

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SSA.DOT.GOV IS GROWING EVERY DAY

Want to check out one of the hottest sites on the Internet? Then the next time you're surfing the web, go to www.ssa.gov, Social Security's official home page in cyberspace. Usage has more than doubled since summer, with more than 11 million 'hits' per month. And Social Security is keeping equipment up to date so that your hang time is at a minimum.

The most popular Social Security addresses are:

Laws and Regulations, which includes *The Social Security Handbook*;

the forms page, with the *Request for a Personal Earnings and Benefit Estimate Statement* and the *Request for a Social Security Number*;

the history page, an online trip through Social Security's past;

the electronics publications page, with over 100 online publications;

How to interpret your PEBES response – 33 million *Personal Earnings and Benefit Estimate Statements* were mailed last year, and

the employer's information page.

Other popular Social Security addresses include the Year 2000 page and the Kid's Pages. To find a specific item, click on the site map and choose from about 70 entries. Information is updated daily.

FOR ALL THE FACTS ON DIRECT DEPOSIT

If you're still receiving your Social Security or Supplemental Security Income benefits the old way, by paper check that is, you might want to consider signing up for direct deposit. And the best way to get all the facts is with the new Social Security factsheet, *Receive Your Benefits by Direct Deposit*. It supplies the basic information you'll need if you're thinking about signing up. You can get a copy by calling Social Security at 1-800-772-1213.

Another good way of getting the new factsheet on direct deposit is through Social Security's Fax Line, 1-888-475-7000. Ask for document 114. You might also want a copy of the new benefit rates for 1999. Ask for document 100, *Social Security Update – 1999*.

When you call the Social Security Fax Line, you can request up to three documents at a time.

Social Security's Fax Line operates 24 hours a day.

You don't need to call from a fax machine, but you will need to know your fax machine number when you call. For a complete list of all the documents available, ask for the catalog, document number 0.

TAX WITHHOLDING CAN BE AUTOMATIC

If you are one of the eight million people who pay taxes on your Social Security benefits, you know what a bother it can be to make estimated tax payments every quarter. But you may not know that you can now have your taxes withheld from your payments automatically, thanks to a new service offered jointly by Social Security and the Internal Revenue Service.

To take advantage of this feature, complete *IRS Form W-4V, Voluntary Withholding Request*. Select the percentage of your monthly benefit you want withheld – 7, 15, 28 or 31 percent. Only these percentages can be used; amounts in dollars are not acceptable. After you've made your selection, sign and return the form to your local Social Security office either by mail or in person.

Remember, you are responsible for stating what percentage you want withheld from your monthly payment amount. If you want to know how much a particular percentage is equal to in dollars, call Social Security. However, if you have questions about your tax liability, call IRS, 1-800-829-1040.

Each time you want to change or stop a withholding, complete a new W-4V and send it directly to Social Security.

If your benefits stop for some reason, your withholding also will stop and will not start again until you complete a new

W-4V. If your benefits are temporarily suspended or deferred, your request will be held and honored once benefits resume.

To get a *Voluntary Withholding Request, Form W-4V*, call IRS toll-free, at 1-800-829-3676. Your local Social Security office does not have these forms. However, the

forms are available on the Internet, at www.ssa.gov.

Keep in mind, automatic withholdings are totally voluntary. If you prefer, you can continue paying your taxes quarterly, without making any changes.

If you have any questions about voluntary tax withholding, contact your local Social Security office or call 1-800-772-1213.

MEDICARE SIGN-UP ENDS MARCH 31

If you're eligible for Medicare Part B (Medical Insurance) but haven't signed up, you can do so now, during the General Enrollment Period, which runs through March 31.

Beneficiaries with or without Medicare Part A (Hospital Insurance) who originally decided not to sign up for Part B when they first became eligible, as well as those who had Part B at one time but dropped it, can enroll during this three-month period (January – March).

Medicare Part B helps pay for doctors' visits, outpatient hospital treatment, and other medical services and supplies not covered by Medicare Part A.

The 1999 premium for Medicare Part B is \$45.50 a month. However, those who sign up now instead of when they were originally eligible will have an additional 10 percent added to their premium for each full 12-month period they could have been enrolled in Part B but weren't. If you sign up any time during the General Enrollment Period, your coverage will begin July 1, 1999.

If you are 65 or older and not eligible for Medicare's premium-free Part A, you can sign up for this coverage along with Part B coverage or for Part B only. Premiums will vary depending on how long you worked in a job in which you paid Medicare taxes.

To sign up for Medicare or for more information, call, write or visit your local Social Security office, or call our toll-free number, 1-800-772-1213.



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